



INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

MULTI-COUNTRY

EU4 Business: Fostering regional economic integration through support to the implementation of the trade pillar of the Regional Economic Area

Action summary

The action aims to strengthen regional economic integration among the Central European Free Trade Agreement (CEFTA) Parties by enabling smooth implementation of CEFTA 2006 and measures planned under the trade pillar of the Multi-annual Action Plan for a Regional Economic Area (MAP REA).

This will be achieved by assisting the CEFTA Parties, the Secretariat and its Bodies in trade-related matters in the following three core areas: (1) reducing the negative impact of non-tariff measures and developing a harmonised legislative framework for dispute settlement; (2) strengthening cooperation on quality infrastructure – including market surveillance; and (3) extending cooperation in trade services (e.g. in e-commerce).

Action Identification	
Action Programme Title	IPA II Multi-country Programme (2020) – part 2
Action Title	EU4Business: Fostering regional economic integration through support to the implementation of the trade pillar of the Regional Economic Area
Action ID	IPA 2020/042-350.04/MC/EU4Business_REA_Trade
Sector Information	
IPA II Sector	9. Regional and territorial cooperation
DAC Sector	33130 - Support to regional trade arrangements
Budget	
Total cost	EUR 6 million
EU contribution	EUR 6 million
Budget line(s)	22.020401 – Multi-country programmes, regional integration and territorial cooperation
Management and Implementation	
Method of implementation	Indirect management
<i>Indirect management:</i>	International organisation/s and/or EU Member State agency/ies
Entrusted entity	
Implementation responsibilities	Directorate-General for Neighbourhood and Enlargement Negotiations– Unit A.3 Thematic support, Economic Governance and IFIs, Public Administration Reform
Location	
Zone benefiting from the action	Western Balkans (Republic of Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, Republic of North Macedonia, and Republic of Serbia) and Republic of Moldova ¹
Specific implementation area(s)	N/A
Timeline	
Final date for contracting including the conclusion of contribution/delegation agreements	At the latest by 31 December 2021

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

¹ With the aim of ensuring coherence and effectiveness of EU financing, fostering regional cooperation, the European Commission decides to extend the eligibility of this action to Moldova. The EU support to improving economic governance and competitiveness in the region builds on the CEFTA agreement signed in 2006 in line with the MAP REA and the South East Europe (SEE) 2020 Strategy. The European Commission has been providing support to CEFTA Parties (Western Balkans and Moldova) to promote the implementation of the CEFTA agenda towards trade facilitation and overall progressive regional integration. It includes the strengthening of the CEFTA Secretariat and the support to all CEFTA bodies. Moldova is a signatory of the CEFTA agreement, and following Article 9 of the IPA II Regulation, Moldova should benefit, when relevant, from all the actions developed under the current CEFTA Agreement framework in order to achieve the key objective of regional economic integration.

Final date for operational implementation	72 months from the adoption of the Financing Decision		
Policy objectives / Markers (DAC form)			
General policy objective	Not targeted	Significant objective	Main objective
Participation development/good governance	X	<input type="checkbox"/>	<input type="checkbox"/>
Aid to environment	X	<input type="checkbox"/>	<input type="checkbox"/>
Gender equality (including Women In Development)	X	<input type="checkbox"/>	<input type="checkbox"/>
Trade Development	<input type="checkbox"/>	<input type="checkbox"/>	X
Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
RIO Convention markers	Not targeted	Significant objective	Main objective
Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
Climate change mitigation	X	<input type="checkbox"/>	<input type="checkbox"/>
Climate change adaptation	X	<input type="checkbox"/>	<input type="checkbox"/>

1. RATIONALE

PROBLEM AND STAKEHOLDER ANALYSIS

Regional economic integration is one of the key drivers of economic growth in the region. The roll-out of the Multi-annual Action Plan for a Regional Economic Area (MAP REA) plays a crucial role in this respect, as it sets out vision, policy areas, objectives, key measures, and indicative timeline to guide the process. Endorsed by the leaders of the Western Balkans in 2017, MAP REA is a blueprint to achieve an unobstructed flow of goods, services, capital, and highly skilled labour throughout the Western Balkans. Its aim is to make the region more attractive for investment and trade, and to accelerate convergence with the EU and its standards. It provides tools for deeper integration within the region, and for the region's European perspective in the areas of trade, investment, smart growth, mobility, digital integration, and health and safety of citizens. The implementation of MAP REA seeks to achieve: 1) an integrated, resilient, and vigorous regional economy; 2) unleash the potential of the private sector and its enterprises; 3) stimulate innovation and digital transformation; 4) make better use of labour and human capital; 5) protect consumer health and safety; and 6) help the region's European perspective and the global economy.

In the context of the overall MAP REA governance, the Central European Free Trade Agreement (CEFTA) Secretariat is in charge of coordinating the trade pillar of the MAP REA and together with the Regional Cooperation Council (RCC), it monitors and reports progress back to the Western Balkans p. The work carried out on Pillar I on trade is done in close collaboration with the Regional Cooperation Council (RCC).

CEFTA is composed of the Western Balkan Parties and Moldova. The function of the CEFTA Secretariat is to provide technical and administrative support to the CEFTA Joint Committee² and Bodies³. CEFTA Parties have agreed to focus their work in four priority areas: 1) trade facilitation; 2) trade in services; 3) investment and transparency, in order to boost socio-economic development through trade development; and 4) investment promotion. CEFTA is an important element of the South East Europe (SEE) 2020 Strategy and the CEFTA structures act as the implementation structures for the SEE 2020 Integrated Growth Pillar. This allows CEFTA to boost links with related economic areas such as investment, transport, human capital and governance, and to capitalise on other regional cooperation actions.

It guarantees continuous liberalisation of trade amongst the Parties, and provides legal and policy tools for deepening and widening economic integration towards the levels achieved in the EU Single Market. Both the CEFTA regional structures and CEFTA Parties need to address issues that go beyond existing areas of cooperation (e.g. electronic commerce and quality infrastructure) and elevate existing mechanisms crucial for its implementation, such as the establishment of a harmonised dispute settlement mechanism for tackling non-tariff measures (NTMs).

Beyond the full implementation of Additional Protocol on trade facilitation (AP5), trade in services (Additional Protocol 6 - AP6) is another vital area of regional trade. CEFTA Parties have achieved to agree on the new overall framework for trade in services. AP6 consists of tackling some of the key barriers to cross-border trade in services, including e-commerce.

The priorities for the regional trade agenda consist of:

² Joint Committee: the only decision-making body that supervises and administers the implementation of the CEFTA Agreement.

³ In addition to the Joint Committee, CEFTA is composed of the following: Committee of Trade Facilitation; Committee of Contact Points; Sub-Committee on NTMs; Sub-Committee on Agriculture including SPS; Sub-Committee on Customs and Rules of Origin; and Sub-Committee on Trade in Services. The CEFTA Structure also relies on six working group related to trade (from NTMs to Investment Policy and Statistics).

1. **Reducing the negative impact of non-tariff measures⁴** (NTMs), and removing any that are deemed incompliant⁵ and serve as a barrier to trade, as well as developing a **harmonised legislative framework for dispute settlement** (Additional Protocol 7 on dispute settlement mechanisms).
2. **Strengthening cooperation on quality infrastructure necessary for the free movement of goods, including market surveillance (MS)** among the Parties to foster trade of industrial goods within CEFTA and protect consumer health and safety. Effective cooperation between market surveillance authorities is a key milestone to achieve free movement of goods within CEFTA. This goes hand-in-hand with improvements of all aspects of the quality infrastructure in line with the requirements of chapter 1 of the EU *acquis*.
3. **Extending cooperation in trade services**, such as regulatory cooperation on **electronic commerce**. E-commerce is one of the fastest growing area in trade in services. Companies face problems in trading electronically across borders. Considering the digital pillar of the REA MAP, activities will be closely coordinated with the work of the RCC.

The above-mentioned three components would ultimately contribute towards the objective of establishing a free trade area among the CEFTA Parties and enhance regional economic integration.

These elements are of particular importance in view of unexpected scenarios that can be conducive to trade disturbances and/or restrictions. This has been experienced through the Coronavirus disease (COVID-19) pandemic, in which the EU mobilised immediate support to the Western Balkans. More specifically, the Commission is working with the RCC and the Secretariats of the Transport Community Treaty and the CEFTA to address issues affecting the supply and the facilitation of movement of goods within the region, and between the region and the EU.

OUTLINE OF IPA II ASSISTANCE

The action aims to strengthen regional economic integration among CEFTA Parties by enabling the smooth implementation of CEFTA 2006 and the measures planned under the trade pillar of the MAP REA for which CEFTA is the lead actor. This will be achieved by:

1. **Reducing the negative impact of NTMs by strengthening and streamlining the legislative framework for notifying the NTMs** prior to their entry into force; upgrading the mechanisms for their monitoring such as annual reports on NTMs and the Market Access Database (MADB); and **developing a harmonised legislative framework for Dispute Settlement (AP7)**. The implementation of a sound dispute settlement system would allow the Parties to have more transparent regimes minimising the risk for the creation of new NTMs.
2. **Strengthening cooperation on the Quality Infrastructure (QI): Metrology, conformity assessment (by laboratories, certification bodies and inspection bodies), standardisation and market surveillance necessary for the free movement of goods (with the aim that it shall become compliant with how it applies within the EU single market)**. The aim is to decrease the cost of conformity assessment, and upgrade all aspects of QI in line with the EU *acquis*, for example, in terms of the quality of laboratories, and to ensure alignment with EU standards. It will enable a common approach to resolving QI issues, build cooperation in QI taking into account that relevant standards for health and safety of the QI system as a whole. Mutual acceptance would enable the Parties to rely on other Parties' test reports as means of removing the unsafe products from their own market, which contribute to speedier and cheaper trade procedures for goods. The

⁴ This refers in particular to non-tariff barriers, as some of the measures can be justifiable, depending on the basis for their introduction.

⁵ When deemed relevant, particular reference should be made to compliance with article 34-36 TFEU (as part of the means to comply with the EU obligations of chapter 1 of the EU *acquis* – the free movement of goods).

proper functioning of a QI system “on the ground”, thereby ensuring consumer protection, is warranted in a harmonised market surveillance system. Thus, the strengthening of quality infrastructure is a fundamental component to advancing on building up an effective cooperation between market surveillance authorities and the introduction of a harmonised MS system among the CEFTA Parties.

3. **Extending cooperation in trade services to cover areas of increasing relevance such as e-commerce through regulatory dialogue on electronic commerce** leading to regional arrangements to abolish and/or reduce barriers in key enabling areas. These can include, but are not limited to: unjustified geo-blocking measures, delivery of digital and physical goods and services, recognition of certificates of electronic signature and other forms of authentication, liability of intermediary services providers and electronic commercial communications; and other identified areas which may be deemed relevant.

RELEVANCE WITH THE IPA II MULTI-COUNTRY INDICATIVE STRATEGY PAPER AND OTHER KEY REFERENCES

The revised IPA II Multi-country Indicative Strategy Paper 2014-2020⁶ (hereafter referred to as Strategy Paper) states that support to efforts for improving the currently low levels of competitiveness, intra-regional trade and trade integration in global markets, while enhancing the capacities of market participants, needs to be provided. The Strategy Paper indicates that the support is to be provided through CEFTA and other trade-related organisations and identifies inter-regional trade and trade integration as vehicles for boosting competitiveness and innovation to allow for the participation in the global economy and the improvement of the overall business environment, including the capacity for innovation. Moreover, the Strategy Paper recognises that a major step for the liberalisation of trade flows took place in 2006 through the signature and ratification of CEFTA.

LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE

The EU has provided significant support to regional economic integration in the Western Balkans, for which CEFTA is one of the key pillars. The EU has been supporting the CEFTA Secretariat since it was first set up in 2006. Given the growing number of activities and the evolving institutional framework, support has shifted from operational support to an action-oriented one. The implementation of the action will build on the implementation of the contract funded under the 2018 IPA multi-country programme to be implemented by the CEFTA Secretariat for the period 2020-2021. In addition, it will also build upon the contract, under the same IPA programme, with the Gesellschaft für Internationale Zusammenarbeit (GIZ) to support regional economic integration (Trade Pillar of the REA MAP). Furthermore, it will build upon the current work being elaborated with *the Western Balkans 6 Chamber Investment Forum*.

One of the important lessons learnt relates to the involvement of key stakeholders in the activities. Namely, sustainable implementation of CEFTA 2006 and MAP REA will translate into the improvement of the competitiveness of the CEFTA economies only if economic operators are aware of the opportunities and are consulted on actions taken. Therefore, the inclusion of economic operators is a necessity in the development of the plans and activities, as envisaged by the MAP REA provisions on partnership for implementation. The inclusion of *the Western Balkans 6 Chamber Investment Forum* in the CEFTA activities will give a new impetus to turn CEFTA activities into concrete opportunities for the business community. This will be done on the basis of the Memorandum of Understanding (MoU) signed by the CEFTA Secretariat, GIZ, and *the Western Balkans 6 Chamber Investment Forum*.

⁶ C(2018) 3442, 31.05.2018, p. 21.

2. INTERVENTION LOGIC

LOGICAL FRAMEWORK MATRIX

OVERALL OBJECTIVE(S) / (IMPACT(S))	INDICATOR's NAME	OBJECTIVELY VERIFIABLE INDICATORS			SOURCES & MEANS OF VERIFICATION	
		BASELINES (INCL. VALUE & REFERENCE YEAR)	MILESTONES (INCL. VALUE & REFERENCE YEAR)	TARGETS (INCL. VALUE & REFERENCE YEAR)		
To strengthen regional economic integration among CEFTA Parties	Volume of intra-regional trade (EUR) - Goods - Services	(2018) - Import: 5.462m - Export: 4.035m (2017) - Import: 792.383m - Export: 1,301.2m	2022: +20% 2022:+20%	2024 +30 % 2024 +30%	CEFTA Statistics https://statistics.cefta.int/	
SPECIFIC OBJECTIVE(S) / OUTCOME(S)	OBJECTIVELY VERIFIABLE INDICATORS (*)				SOURCES OF VERIFICATION	ASSUMPTIONS
Specific Objective : To support increased trade flows in goods and services via the convergence of standards, conducive to regional economic integration	Adopted Additional Protocol 7 Ratified Additional Protocol 6 Implementation of the Additional Protocol 5 Implementation of the MAP REA	No No On track 3.5	Advanced Advanced Advanced 4.2	Yes Yes Yes 4.2	CEFTA Reports Reports on the implementation of the MAP REA	CEFTA Parties will continue collaboration on implementing the trade liberalisation agenda, working jointly within the framework of the Secretariat and relevant CEFTA structures.

OUTPUTS	OBJECTIVELY VERIFIABLE INDICATORS (*)				SOURCES OF VERIFICATION	ASSUMPTIONS
<p>Output 1 Reduction of non-tariff barriers encountered in the regional trade within CEFTA and international trade with their other trading partners (AP 7 implementation, NTM monitoring system set up)⁷ and development of a harmonised legislative framework for dispute settlement</p> <p>Output 2 Regional framework for cooperation on quality infrastructure in place, including a functioning market surveillance system</p>	<p>New harmonised mechanism for dispute settlement in place</p> <p>Increased monitoring, investigation and follow up of open cases to achieve a solution NTM reports published in close collaboration with the private sector.</p> <p>Regional arrangement on market surveillance and database on unsafe products found on the market</p> <p>Convergence on a QI system and recognition</p>	<p>2019: Not operational</p> <p>2019 15%</p> <p>2019: None</p> <p>2019: Non existent</p>	<p>2022: Advanced</p> <p>2022: 25%</p> <p>2022: 1</p> <p>2022: Advanced stage of negotiation</p>	<p>2024: Operational</p> <p>2024 35%</p> <p>2024:1</p> <p>2024: Agreed and operational</p>	<p>Adopted Additional Protocol 7 on Dispute Settlement and its implementation</p> <p>Quantifiable comparison of the content of information in the MADB with the current one since some data are missing, also to add more analytical data, basically to provide stronger argumentation for the cases</p> <p>At least two published NTM reports</p>	<p>Conducive political environment, including strategic orientation toward regional cooperation</p> <p>sufficiently dedicated institutional and administrative capacities</p> <p>Good economic climate</p> <p>CEFTA Structures have sufficient capacity to adopt the necessary legal framework to achieve results of the actions through its <i>erga omnes</i> measures thus securing their sustainability</p>

⁷ These refer to relevant obligations under the EU *acquis*; Chapter 1 (Articles 34-36 TFEU).

<p>Output 3 Regional dialogue established in key trade in services areas such as e-commerce which should produce arrangements facilitating cross-border e-commerce between CEFTA Parties</p>	<p>of cross-border accreditation and laboratory tests</p> <p>Regional arrangements on electronic commerce</p> <p>Regional platform on e-commerce</p>	<p>2019: Non existent</p> <p>0</p>	<p>2022: Intermediate stages of negotiations</p> <p>Identification of prioritised regional arrangements (1-2)</p> <p>Intermediate stages to develop a regional platform on e-commerce</p>	<p>2024:Signing of major agreements</p> <p>2</p> <p>Regional platform on electronic commerce completed</p>	<p>Agreements agreed upon to ensure cross-border accreditation and laboratory tests</p> <p>Training and awareness-raising activities</p> <p>At least one agreement on regional agreements on e-commerce adopted</p> <p>CEFTA Transparency Pack</p>	
---	--	--	---	--	--	--

DESCRIPTION OF ACTIVITIES

Component 1: Reducing the negative impact of non-tariff measures (NTMs) and developing a harmonised legislative framework for dispute settlement (AP7)

A1.1 Identification of NTMs

The overall objective is to strive for the elimination of all measures⁸. This is particularly relevant for the parties that are candidates, or potential candidates.

Currently NTMs in CEFTA are identified and reported through the MADB (and to the CEFTA bodies). Through the process of implementation, certain weaknesses have been discovered such as the lack of correct classification, selection of products, lack of strong argumentation and background of problems/cases, and lack of analytical data. The action aims to support the Parties in overcoming the weaknesses through reviewing all existing cases recorded in the MADB. Other initiatives could include, but are not limited to, the strengthening of the pre-notification system on NTMs, and strengthening the functionalities of the CEFTA MADB and its use by the Parties.

The activity supports the implementation of measures under the objective MAP REA, point I.3.3 on the Systemic Monitoring of NTMs in trade in goods and services. More specifically, this refers to the employment of deterring monitoring and enforcement mechanisms to eliminate any remaining NTBs.

A1.2 Preparation of annual NTM report

An annual NTM report presents efforts of the Parties in eliminating NTBs and suggests the way forward to that end. The action will support the CEFTA Secretariat through, for example, the preparation of annual reports on NTM and their impact for CEFTA Parties to measure the cost of non-tariff barriers to the regional trade for each specific case.

The activity supports the implementation of measures under the objective MAP REA I.3.3⁹.

A1.3 Implementation of the Dispute Settlement Mechanism (DSM)

Effective and efficient DSM is a cornerstone of the process of elimination of NTBs. A strong mechanism should be one of the key pillars of a regional trade system as it will assure proper implementation of undertaken commitments and prevent Parties to take measures that might be NTBs. This could be done through, e.g. the assistance to the CEFTA bodies and the CEFTA Secretariat on how market access barriers are to be submitted to the attention of the relevant CEFTA bodies; analysing information gathered; and checking the quality of information provided and ensuring sufficient elements containing all the required information for further steps. This activity will depend on the adoption and entry into force of the revised Dispute Settlement Mechanism (AP7) within CEFTA.

The activity supports the implementation of measures under objective MAP REA I.1.1 on strengthening the monitoring and enforcement capacity of CEFTA.

A1.4 Integration of the Systematic Exchange of Electronic Data (SEED+) infrastructure, MADB and statistical Portal in order to achieve the calculation of damages that might arise from the measures non consistent with the CEFTA Agreement

⁸ Articles 34-36 TFEU.

⁹ Systemic Monitoring of NTMs in trade in goods and services, which entails the employment of deterring monitoring and enforcement mechanisms to eliminate any remaining NTBs.

Impact assessment of NTBs to regional trade is of vital importance for creating a NTMs and Trade Distortive Measures (TDMs) free area as envisaged in the MAP REA. The eligible Parties should have access to real time trade data through the connection of SEED+ infrastructure, MADB and statistical Portal, which will increase the efficiency of the whole process. The connection would be of huge support to the Parties and their administrations and would have the aim of serving as a tool for preparing the annual NTM report and defining the data model, which will have to be uploaded in the database to be linked to each case.

The activity support implementation of measures under objective MAP REA I.1.1.

A1.5 Support to the CEFTA Secretariat in actual cases, if they arise during the implementation

Taking into account that the CEFTA Secretariat should support the procedural aspects of a potential dispute, this action would assist the CEFTA Secretariat in the proper implementation of the procedure agreed in the DSM. The action should provide support to the Secretariat by streamlining the process of settling disputes, setting the guidelines for the Secretariat in conducting its activities, providing necessary technical assistance and setting up proper mechanisms for cooperation with relevant stakeholders.

Component 2: Strengthening cooperation on quality infrastructure – including market surveillance

Efficient protection of public interest through cross-border cooperation of market surveillance systems requires a certain level of harmonisation of the quality infrastructure (QI). Therefore, in order to deliver on policy objective MAP REA I.1.5¹⁰, the action will support cooperation in the area of QI.

A2.1: Strengthen regional cooperation and coordination for quality infrastructure

Regional cooperation and coordination are fundamental steps essential for free movement of goods in the region, and with the EU. The activities aim to build relationships and trust between quality infrastructure institutions, enhancing their capacities and addressing challenges in intra-CEFTA trade. This will be done through organising regular meetings, liaising with key stakeholders, consultations, cooperation with the institutions of the EU, establishing regional QI network, etc.

A2.2: A Framework Agreement on Quality Infrastructure adopted

To ensure confidence in the accuracy of the QI system, domestic measurement (metrology) systems are connected to the international system of weights and measures, and aligned with the EU *acquis*. Conformity assessment (CA) ensures confidence in test reports and other certificates issued. The CA system is governed by domestic accreditation systems, while the practical CA services are ensured by laboratories, certification bodies, and inspection bodies. Conformity assessment systems and bodies should align with the EU *acquis*.

Standardisation bodies shall align to European harmonised standards as soon as possible and strive to join relevant EU standardisation entities where possible (e.g., the European Committee for Standardisation-CEN, the European Committee for Electro-technical Standardisation-CENELEC, and the European Telecommunications Standards Institute-ETSI).

Based on the results of the activities conducted in potential supply chains, CEFTA Parties should undertake to extend the scope of mutual recognition to all product areas covered by the EU *acquis* under

¹⁰ Developing cooperation between market surveillance control authorities of CEFTA Parties.

chapter 1, provided that their legislation is aligned with the EU *acquis*, to the extent possible. They shall also develop and streamline the procedures and conditions for mutual recognition of testing results/certificates/documents, establishing/upgrading and connecting the system of risk management to customs risk management.

A2.3: Maintenance and further developing databases of unsafe products established under SEED+

Electronic exchange of information (through a RAPEX Rapid Alert System for Non-Food Consumers Products - like system) is a vital instrument towards creating a safe market of goods within CEFTA Parties. The objective would be for CEFTA Parties to use a RAPEX-like tool to provide data to their members on the results of EU market surveillance (i.e. the publicly available data) and then develop it to also include similar data from CEFTA Parties. Being able to have evidence and a basis on which to justify that unsafe products be recalled/withdrawn from the market of the CEFTA Parties through access to test reports, via an information system, is of importance to the Parties.

Considering the extension of the scope of mutual recognition, new regional databases on unsafe products would ideally need to be developed. This could be done through assessing the needs of the Parties, cooperation with the EU, updating the list of documents to be exchanged electronically, providing soft cooperation methods, updating legal basis, providing the information on the QI needed by the economic operators and consumers such as e.g. list of standards that are mandatory as prescribed by the Technical regulations, lists of accredited laboratories, etc.

Component 3: Extending cooperation in trade services, such as regulatory cooperation on e-commerce

These activities will support implementation of measures under objective MAP REA I.4.4 on launching dialogue on regulatory issues in electronic commerce. This could also consider the development of a regional e-commerce platform.

A.3.1. Support to regulatory dialogue on electronic commerce in prioritised areas

The action aims to support management of the regional dialogue on electronic commerce under the CEFTA framework. This will be done through organising activities and meetings aiming at a better understanding of barriers and policy measures to overcome them, coordinating expert/technical assistance in negotiating regional arrangements facilitating cross-border e-commerce and implementation of such arrangements, as well as capacity building aimed at the authorities of CEFTA Parties and other relevant stakeholders involved in the implementation.

Regulatory dialogue on e-commerce should be focused on areas prioritised by the Parties, in line with commitments made in the CEFTA's Additional Protocol 6 (Article 18)¹¹ and measures under MAP REA

¹¹ Article 18 - Cooperation on Electronic Commerce

1. The Parties, recognising that electronic commerce increases trade opportunities in many sectors, agree to promote the development of electronic commerce between them, in particular by cooperating on the issues raised by electronic commerce under the provisions of this Protocol.
2. The Parties agree that the development of electronic commerce must be fully compatible with the highest international standards of data protection, in order to ensure the confidence of users of electronic commerce.
3. The Parties agree that deliveries by electronic means shall be considered as the supply of services, within the meaning of Article 2 paragraph 2(a), and shall not be subject to customs duties.
4. The Parties shall maintain a dialogue on regulatory issues raised by electronic commerce, which will, *inter alia*, address the following issues:

I.4.4. The dialogue is expected to produce harmonisation of the regulatory framework in order to minimise the deterring impact of different rules to both businesses and consumers to engage in electronic commerce. Additionally, it could include the set up of regional policy outputs (e.g. regional arrangements, joint actions or regional tools) aimed at reducing and/or eliminating identified regulatory barriers. The action would aim to support cooperation with RCC in seeking synergies with the roll-out of MAP REA digital agenda, as well as with other relevant organisations and initiatives.

A.3.2 Private-public cooperation

The action would support regional public-private cooperation involving the CEFTA Secretariat, relevant public authorities of the CEFTA Parties on the one side and businesses, business associations and organisations, and other relevant stakeholders on the other side. The objective of this cooperation would be to identify key barriers (if not yet identified) in relation to cross-border electronic commerce to continuously provide input and focus the regulatory dialogue between the Parties on matters of high interest for the economy. Additionally, the dialogue will serve as a communication channel towards business community for dissemination and promotion of outputs of the regulatory dialogue.

RISKS

The risks which could affect the achievement of the intended objectives and results are the following:

1. A challenging political climate characterised by the persistence of tension in the CEFTA region.

Mitigation measures: Continue to consider cooperation as a technical, non-political matter; reinforce the culture of trust among the Parties through regular opportunities to meet through different capacity building measures (trainings, workshops, study visits, peer reviews, advisory missions etc.).

2. Kosovo is represented in CEFTA by UNMIK, causing some difficulties in taking decisions by its Parliament. Thus, Kosovo is the only CEFTA Party that still has not yet ratified AP5. AP6 is not adopted by all Parties mainly due to the standing on 100% tariff raised by Kosovo. It is assumed that when AP7 negotiations will be completed, the protocol is adopted, and entered into force by all Parties.

Mitigation measures: The work of the CEFTA Bodies will stay on the technical level, the implementing regulations will be developed based on the agreed texts and the adoption will wait the entry into force.

3. Complicated internal adoption procedures within CEFTA Parties leading to delays in the adoption of decisions or recommendations.

-
- (a) the recognition of certificates of electronic signatures issued to the public and the facilitation of cross-border certification services;
 - (b) the liability of intermediary service providers with respect to the transmission, or storage of information;
 - (c) the treatment of unsolicited electronic commercial communications;
 - (d) the protection of consumers in the ambit of electronic commerce;
 - (e) any other issue relevant for the development of electronic commerce.
5. Such cooperation can take the form of exchange of information on the respective domestic legislation of the Parties on these issues as well as on the implementation of such legislation.

Mitigation measures: Increase the number of the Joint Committee meetings for the adoption of the documents, improving coordination between CEFTA bodies in order to provide for timely preparation of necessary documents.

4. Differences in the level of harmonisation with the EU *acquis* making the CEFTA Parties reluctant to foster regional cooperation in the areas lacking harmonised legislation.

Mitigation measures: strengthen commitment of the CEFTA Parties to harmonise their respective legislative framework with the EU *acquis* and international standards, through the regional capacity building and transfer of knowledge.

5. The economic operators are not utilising the benefits of the adopted regulations.

Mitigation measures: Organisation of public awareness campaigns for the economic operators in cooperation with the *Western Balkans 6 Chamber Investment Forum* in order to promote the benefits to the business community. The MoU signed between the CEFTA Secretariat, GIZ, and WB6 CIF is a basis for this cooperation.

CONDITIONS FOR IMPLEMENTATION

The main conditions that are assumed to be in place are the full ratification of the AP5, the entry into force of the AP6, and the completed negotiations on the AP7. Namely, implementation of component 2 is based on the provisions of the AP5 (trade facilitation and NTMs) and AP7 (dispute settlement). Component 3 (market surveillance and QI) is not based in any of the Additional Protocols, but only in the political commitments of MAP REA. Finally, cooperation on electronic commerce is firmly based on the Article 28¹² of CEFTA 2006 and Article 18 of the AP6.

The implementation of the action will moreover depend on several key factors, including political commitments, speed of the administrative adoption and of the absorption capacities of the CEFTA Parties in different fields (e-commerce, market surveillance) described in the action.

3. IMPLEMENTATION ARRANGEMENTS

ROLES AND RESPONSIBILITIES

A Steering Committee will be established to monitor the implementation of the action. It will be composed of the representatives of the CEFTA Secretariat, CEFTA Parties, contracted entities for the implementation of the various components under this action, and the European Commission. The CEFTA Secretariat will be in charge of organising meetings, among other entities as deemed relevant. It will meet annually.

On the European Commission side, the contracting authority will be represented by the Directorate-General for Neighbourhood and Enlargement Negotiations. Relevant directorates general (DGs) may be

¹² Article 28 Electronic Commerce

The Parties, recognizing that the use of electronic means increases trade opportunities in many sectors, agree to promote the development of electronic commerce between them, in particular by cooperating on the market access and regulatory issues raised by electronic commerce.

involved in the action, e.g. the Directorate-General for Justice and Consumers and the Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs for the Market surveillance (with possible collaboration with CEN-CENELEC), the Directorate-General for Communications Network, Content and Technology for e-commerce in order to ensure the overall commitment of the CEFTA Parties and the coherence with EU policy requirements.

METHOD(S) OF IMPLEMENTATION AND TYPE(S) OF FINANCING (SEE ANNEX IMPLEMENTATION – BUDGET)

This action will be implemented in indirect management with an entrusted entity(ies) for an indicative EU contribution of EUR 6 million. The indicative duration of the contract(s) will be 48 months.

4. PERFORMANCE MEASUREMENT

METHODOLOGY FOR MONITORING (AND EVALUATION)

The progress in the action implementation will be assessed by the European Commission by assessing the progress in the achievement of expected results on the basis of indicators outlined in the action. The European Commission may carry out a mid-term, a final or an ex-post evaluation for this action or its components via independent consultants, through a joint mission or via an implementing partner. In case a mid-term or final evaluation is not foreseen, the European Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner. The evaluations will be carried out as prescribed by the Directorate-General for Neighbourhood and Enlargement Negotiations guidelines on linking planning/programming, monitoring and evaluation¹³. In addition, the action might be subject to external monitoring in line with the European Commission rules and procedures.

5. CROSS-CUTTING ISSUES

GENDER MAINSTREAMING

Equality between women and men, or gender equality, is a fundamental right and a common value, recognised by the EU (see the Gender Action Plan II). It has been a component of the Western Balkans European perspective from its outset. Enshrined in the EU Treaties, gender equality forms part of the conditions with which the Western Balkans IPA II beneficiaries have to comply towards a European perspective. Investing in gender equality, however, is essential not only as an EU requirement, but for an equal society.

The action will aim to the extent possible to integrate a gender perspective in the different phases: design, implementation, monitoring and evaluation with a view to promoting equality between women and men. Positive actions shall be considered to encourage and train people under-represented, such as women, to help them overcome disadvantages.

Where possible, the training activities will provide guidance on how to integrate gender perspective into the different stages of the programme. Also, where possible, data collected will be gender-disaggregated.

¹³ https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/near_guidelines.zip

The principles and practice of equal opportunity will be guaranteed to ensure equitable gender participation in the action. The principle of equal opportunity applies also in relation to the beneficiaries and training participants coming from the different public administrations, especially in relation to capacity building and networking activities, gender mainstreaming shall be discussed as a fundamental cross-cutting issue.

EQUAL OPPORTUNITIES

The action will strive towards combating discrimination, giving equal chances to both women and men, and person with handicaps, as well as equally addressing their needs. In all of the activities women and men will be encouraged to participate proportionally, with the aim to increase awareness and promote networking and the exchange of good practices among the beneficiaries on equal participation of women and man, and persons with handicap, in decision-making positions. In particular these principles will be valued when selection of participants at training activities and in conferences (e.g., panels). In addition, the staff appointment will follow a policy promoting gender balance and equal opportunities for people coming from all CEFTA Parties without any kind of exception.

In accordance with the MAP REA greater attention will be given to youth, women and people with disabilities regarding the generation of economic opportunities.

Equal participation of women and men will be secured through appropriate information and publicity material, in the design of actions and accessibility to the opportunities they offer. An appropriate men/women balance will be sought on all the managing bodies and activities of the action. The contractor shall be requested to provide monitoring data recording the participation of men and women in terms of expert inputs, as a proof of equal participation of men and women in the different phase.

Enforcement of those principles is likewise ensured through specific administrative procedures applied in accordance with the Law on non-discrimination. In the implementation of activities under this action, the same principles shall apply, so that participation in the envisaged activities will be guaranteed on the basis of equal access regardless of sex, ethnic origin, religion or belief, disability, age, etc.

MINORITIES AND VULNERABLE GROUPS

Although the action is not directly applicable to minorities and vulnerable groups, participation will be based on equal access regardless racial issues or ethnic origin, religion and beliefs, age or sexual orientations. The same considerations regarding equal opportunities apply. The action will positively promote equality of opportunities and combat discrimination.

ENGAGEMENT WITH CIVIL SOCIETY (AND IF RELEVANT OTHER NON-STATE STAKEHOLDERS)

The most relevant stakeholders for this action are the ultimate beneficiaries of the action i.e. the economic operators who should acquire additional benefits in the regional trade. From the other side the academia is one of the institutions that is having advisory role in further development of the CEFTA 2006 and in the guidance of the reforms within the CEFTA Parties. The private-public partnership with these two main stakeholders is already developed by the CEFTA Secretariat with the academia through the LSEE CEFTA Network, and with the business community through the MoU with the *Western Balkans 6 Chamber Investment Forum*. The wider public will be informed through the public actions the main of which is the CEFTA Week that is held once a year, under the holding Chairmanship, and is promoting the achievements of the CEFTA during that year.

Moreover, the information resources of the CEFTA (Statistical portal) are already used (since 2019) by different NGOs that are preparing different assessments on regional trade. The improvements of the information tools on the CEFTA website will attract new users providing new links and collaboration with the civil society.

ENVIRONMENT AND CLIMATE CHANGE (AND IF RELEVANT DISASTER RESILIENCE)

The action has an indirect impact on environment due to increased trade flows and with that their natural ramifications (production, emissions, use of logistics). It primarily targets trade related issues and does not have a perceivable impact on any rules or regulation related to environment. That being said, the action strongly promotes regional cooperation among CEFTA Parties based on EU rules and standards, which might be considered as having generally positive impact on the environment.

Climate action relevant budget allocation: EUR 0
--

6. SUSTAINABILITY

All actions are based on firm legal and policy framework. As referred above multiple times, CEFTA framework provides legal mandate and legal instruments for arrangements of regional cooperation sought by the action. Effectively, all arrangements formalised as Additional Protocols or Joint Committee Decisions are legally binding for the Parties. Joint Committee Recommendations are not legally binding but are featuring strongly in the work of the CEFTA structures and it follow up are managed by the CEFTA Secretariat. This ensures that all arrangements will remain as rules governing regional trade under the CEFTA framework even after the completion of the action.

All objectives and results in the action have firm link with policy objectives set in the MAP REA, endorsed by the Primer Ministers of the Western Balkans and the European Union. Political commitment in MAP REA additionally provides guarantee that actions are relevant and supported by the Parties. Furthermore, all activities are linked to once or more of CEFTA bodies and therefore feature in the relevant chairmanship programmes of these bodies. This creates additional commitment to the Parties to be involved in implementation of the activities and deliver results.

7. COMMUNICATION AND VISIBILITY

Communication and visibility will be given high importance during the implementation of the action. The implementation of the communication activities shall be funded from the amounts allocated to the action.

All necessary measures will be taken to publicise the fact that the action has received funding from the EU in line with the EU communication and visibility requirements in force. All stakeholders and implementing partners shall ensure the visibility of EU financial assistance provided through IPA II throughout all phases of the programme cycle.

Communication actions should aim to show the links between the funds invested and the policy priorities behind them. When relevant for a specific intervention envisaged under the action, the communication and visibility plan will be based on an agreed communication narrative and master messages customised for the different target audiences.

The entrusted entity (entities) and the European Commission's actions should ensure enhanced donor visibility. Communication actions should also ensure that all relevant stakeholders, and where possible, also final beneficiaries, are informed about donors' involvement, joint actions and their results. If relevant, effectiveness of communication activities may be measured, inter alia, through public surveys in the IPA II beneficiaries on awareness about the programme, its objectives and EU funding.

Visibility and communication actions shall demonstrate how the intervention contributes to the agreed programme objectives, as well as the benefits of the action for the general public. Actions shall be aimed at strengthening general public awareness and support of interventions financed and the objectives pursued. The actions shall aim at highlighting to the relevant target audiences the added value

and impact of the EU's interventions and will promote transparency and accountability on the use of funds.

Visibility and communication aspects shall be complementary to the activities implemented by the Directorate-General for Neighbourhood and Enlargement Negotiations and the EU Delegations/Office in the field. It is the responsibility of the implementing partner(s) to keep the EU Delegations/Office and the European Commission fully informed of the planning and implementation of the specific visibility and communication activities.